

**FACTORS INFLUENCING INTENTION OF YEMENIS TO
ADOPT INTERNET BANKING**

ABDO ALI ABDULLAH HOMAID

**UNIVERSITI UTARA MALAYSIA
2010**

FACTORS INFLUENCING INTENTION OF YEMENIS TO ADOPT INTERNET BANKING

A thesis submitted to the College of Business (COB)
In partial fulfillment of the requirements for the degree
Master of Business Administration
Universiti Utara Malaysia

By

ABDO ALI ABDULLAH HOMAID

Copyright © Abdo A. Homaïd, April 2010. All Rights Reserved



KOLEJ PERNIAGAAN
(College of Business)
Universiti Utara Malaysia

PERAKUAN KERJA KERTAS PROJEK
(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa
(I, the undersigned, certified that)

ABDO ALI ABDULLAH HOMAID (801119)

Calon untuk Ijazah Sarjana

(Candidate for the degree of) **MASTER OF BUSINESS ADMINISTRATION**

telah mengemukakan kertas projek yang bertajuk

(has presented his/her project paper of the following title)

FACTORS INFLUENCING INTENTION OF YEMENIS TO ADOPT INTERNET BANKING.

Seperti yang tercatat di muka surat tajuk dan kulit kertas project
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **ASSOC. PROF. DR. MOHD SOBRI MINAI**
(Name of Supervisor)

Tandatangan : _____
(Signature)

Tarikh : **06 MAY 2010**
(Date)

PERMISSION TO USE

In presenting this thesis, in fulfillment of the requirement for the Master of Business Administration from the University Utara Malaysia, I agree that University Library may make it freely available for inspection.

I also grant permission for copying of this thesis in any manner, in a whole or part, for scholarly purposes. In my absence, this may be granted by supervisor Associate Professor Dr. Mohd. Sobri bin Minai or in his absence by the Assistant Vice Chancellor, College of Business. It is understood that any copying, publishing or use of this thesis for financial gain and any other non-scholarly purpose shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to University Utara Malaysia for scholarly use from any material in this thesis.

Request for permission to copy or to make other use of materials in this thesis, in whole or in part, should be addressed to:

**Assistant Vice Chancellor
College of Business
University Utara Malaysia
06010 Sintok
Kedah Darul Aman**

ABSTRACT

The aim of this study is to identify factors that influence intention to adopt internet banking in Yemen. The theoretical framework of the study is based on modified version of Technology Acceptance Model (TAM). This study develops a technology acceptance model for internet banking in the form of a conceptual framework to explain the factors influencing Yemenis intention to adopt internet banking. The model employs perceived usefulness (PU), perceived ease of use (PEOU), computer self-efficacy (CSE), facilitating conditions (FC) and perceived credibility (PC). The results suggest that CSE and FC had a significant relationship with behavioral intention, FC had a significant relationship with both PEOU and behavioral intention and PU had the most significant relationship with behavioral intention. However, PC does not have relationship with PEOU. In addition, PEOU had a significant negative relationship with behavioral intention.

Keywords: *Internet Banking, Information System, Technology Acceptance Model (TAM), Electronic Banking, Facilitating Conditions, Yemen.*

ACKNOWLEDGEMENT

First of all, thanks to Allah SWT, who with His willing has given me the capability to complete this project, Factors Influencing Intention of Yemenis to Adopt Internet Banking. This project report was prepared for College of Business, University Utara Malaysia (UUM), as the requirement for Master of Business Administration (MBA) as a partial fulfillment towards the completion of the postgraduate degree.

I would like to express my sincere gratitude to Associate Professor Dr. Mohd Sobri Minai, for his encouragement, support and guidance to complete this paper and overcome the challenges behind it. His expertise and invaluable comments helped greatly in the completion of this project. He was always there to listen and to give advice. He taught me how to write academic papers, made me a better programmer, had confidence in me when I doubted myself, and brought out the good ideas in me. I would also like to thank him for giving me his precious time to ask him and discuss with him at any time I want. Without his encouragement and constant guidance I could not have finished this project.

Besides I would further like to express my gratitude to the authority of Utara University Malaysia (UUM) for providing me and all students with a good environment and facilities to acquire knowledge. Also, I would like to take this opportunity to thank to the College of Business (COB) including all lecturers who taught me during the whole MBA program study period. In addition, I would like to thank Sultanah Bahiya Library staffs for their assistance by providing valuable information which helps a lot to complete this project.

I wish to convey my deep appreciation and indebtedness to Abdulrahman Ahmed Homaïd, Saeed Nasher, Abdulsalam Alnawah and Mohammed Ali Homaïd. All of them have supported me and encouraged me and without their help my study would not be completed.

A special thanks goes to my friends who helped in any way in the completion of this project. Mr. Sulaiman Ahmed is amongst them who is the most helpful person. I am grateful to all those who helped in making this study possible.

My deepest appreciation goes to my family who shared with me both the joy and frustration during my study in Malaysia. I specially dedicate my gratitude to my father who taught me how to respect others and live with his moral support along my life time. Moreover, my cheerful gratitude is also addressed to my dear mother for her motivation, dedication and indescribable love. Both of them were the secret behind my success. Their prayers lightened the darkness of my life. My brothers and sisters cannot be ignored; words and expressions won't be sufficient to describe their role in my study life. Last but not least, I offer my demonstrative appreciations to my wife and children who understood my commitment and were always the source of my inspiration.

TABLE OF CONTENTS

Permission To Use.....	I
Abstract.....	II
Acknowledgement.....	III
Table Of Contents.....	V
List Of Figure.....	IX
List Of Table.....	X

Chapter One: Background Of The Study

1.1 Introduction.....	1
1.2 Research Background.....	3
1.3 Research Problem Statement.....	6
1.4 Research Questions.....	12
1.5 Objectives Of The Study.....	13
1.6 Significance Of The Study.....	14

Chapter Two: Literature Review

2.1 Introduction.....	16
2.2 Electronic Banking.....	16
2.3 What Is Internet Banking?	20
2.4 Internet Banking In Yemen.....	22

2.5 Issues In Internet Banking.....	24
2.5.1 Intension.....	24
2.5.2 Perceived Usefulness.....	25
2.5.3 Perceived Ease of Use.....	25
2.5.4 Perceived Credibility.....	26
2.5.5 Facilitating Conditions.....	27
2.5.6 Comuter Self Efficacy.....	29

Chapter Three: Research Methodology

3.1 Introduction.....	30
3.2 The Research Framework Development.....	31
3.2.1 Research Strategy.....	31
3.2.2 Research Theories And Models To Foothold The Study.....	31
3.2.3 Research Framework.....	35
3.3 Reasearch Design.....	37
3.3.1 Population and Sample Size.....	40
3.3.2 Hypotheses Developmen.....	41
3.3.3 Measurement and Data Collection.....	42
3.3.4 Survey Questionnaire.....	44
3.3.5 Data Analysis.....	45

Chapter Four: Research Findings

4.1 Introduction.....	46
4.2 Demographic Characteristics Of The Respondents.....	46
4.3 Model Assessment.....	48
4.4 Results Of Hypothesis Testing.....	50
4.4.1 Computer Self efficacy and Perceived Usefulness.....	51
4.4.2 Facilitating Conditions and Perceived Usefulness.....	52
4.4.3 Facilitating Conditions and Perceived Ease of use.....	52
4.4.4 Perceived Credibility and Perceived Ease of Use.....	53
4.4.5 Perceived Usefulness and Behavior Intention.....	54
4.4.6 Facilitating Conditions and Behavior Intention.....	55
4.4.7 Perceived Ease of Use and Behavior Intention.....	55
4.5 Differences In Behaviour Intention Between Demographics.....	56
4.5.1 Differences in Behaviour Intention Between Gender.....	56
4.5.2 Differences in Behaviour Intention Between Different Ages.....	57
4.5.3 Differences in Behaviour Intention Between Educational Levels.....	58
4.5.4 Differences in Behaviour Intention Between Different Occupations.....	59
4.5.5 Differences in Behaviour Intention according to Income.....	60
4.5.6 Differences in Behaviour Intention according to Language Used for Internet Banking.....	61
4.5.7 Differences in Behaviour Intention according to the Place of Internet Use.....	62
4.5.8 Differences in Behaviour Intention according to the Internet Experience.....	63

Chapter Five: Discussion and Conclusion

5.1 Introduction.....	65
5.2 Discussion.....	65
5.3 Limitation and Suggestions for Future Research.....	70
5.4 Conclusion.....	71
References.....	72
Appendix 1.....	76
Appendix 2.....	82

LIST OF FIGURES

Figure 3.1 Technology Acceptance Model by Davis 1989.....	34
Figure 3.2 Theoretical Framework.....	36
Figure 3.3 Types of Data.....	39
Figure 3.4 Source of Data.....	40

LIST OF TABLES

Table 1. 1	Middle East Internet Usage and Population Statistics.....	7
Table 2. 1	E-banking channel Definition.....	18
Table 3.1	Summary.....	41
Table 4.1	Demographic Profile (n = 112).....	47
Table 4.2	Descriptive statistics in values.....	48
Table 4.3	Reliability Statistics.....	49
Table 4.4	Regression Results Model 1.....	51
Table 4.5	Regression Results Model 2.....	53
Table 4.6	Regression Results Model 3.....	54
Table 4.7	T-test results between males and females.....	57
Table 4.8	T-test results between different ages.....	58
Table 4.9	T-test results between different educational levels.....	59
Table 4.10	T-test results between different occupations.....	60
Table 4.11	T-test results between respondents according to income.....	61
Table 4.12	T-test results between respondents according to language used for internet.....	62
Table 4.13	T-test results between respondents according to the place of internet use.....	63
Table 4.14	T-test results between respondents according to Experience in internet.....	64

CHAPTER ONE

BACKGROUND OF THE STUDY

1.1 Introduction

Nowadays, information technology (IT) plays an important role in the banking sector success. Banking is mainly a highly information intensive activity which depends heavily on IT so it can acquire, process, and deliver information to all relevant users (Tan and Teo 2000). It is not only crucial in the processing of information but it also provides important means for the banks to introduce different products and services. Banks realize that they need to innovate and update in order to reach the customers' satisfaction continuously by providing convenient, reliable, and expedient services (Barghani, 2008). Therefore, in the recent years, banks have introduced internet banking to bring multiple benefits to customers as well as to themselves.

To this date, internet banking usage is still underused and unnoticed by Yemeni customers although this service is growing rapidly in the country (USCS, 2009). Zolait et al (2008b) revealed that, although internet banking is currently available, many banks are not providing full banking services through the internet. The study suggests the banks which have introduced different internet banking within the context of its features. It seems that the internet banking is not standardized and still behind to other neighboring countries.

The contents of
the thesis is for
internal user
only

REFERENCES

- AbuShanab, E. and Pearson J.M. (2007). " Internet banking in Jordan The unified theory of acceptance and use of technology (UTAUT) perspective". *Journal of Systems and Information Technology* Vol. 9 No. 1, 2007.
- Agarwal, R., & Prasad, J. (1999). Are individual differences germane to the acceptance of new information technologies? *Decision sciences*, 30, 361-392.
- Agarwal, R., Sambamurthy, V. and Stair, R.M. (2000), "Research report: the evolving relationship between general and specific computer self-efficacy an empirical assessment", *Information Systems Research*, Vol. 11 No. 4, pp. 418-30.
- Ajzen, I. & Fishbein, M. (1975). *Belief, attitude, intention, and behavior: An introduction to theory and research*: Addison-Wesley Pub. Co.
- Aladwani, A. (2001). Online banking: a field study of drivers, development challenges, and expectations. *International Journal of Information Management*, 21(3), 213-225.
- AMEI. (2002). Tough times for banks in Yemen Retrieved 23/2/2010 from <http://www.ameinfo.com/16688.html>
- Amin, H. (2007a).An Empirical Investigation on Consumer Acceptance of Internet Banking in an Islamic Bank. *Labuan Bulletin of International Business & Finance*, 5, 2007, 41 – 65
- Amin, H. (2007b). Internet banking adoption among young intellectuals. *Journal of Internet Banking and Commerce*, 12(3), 1-13.
- Ba'alwy, A. A. (2003). E-rial Marketing in Yemen, *The second Arab meeting*, Qatar.
- Baraghani, S., N.,. (2008). Factors Influencing the Adoption of Internet Banking. *Unpublished Master Thesis, Luleå University of Technology*.
- Birch, D. & Young, M. (1997). "Financial services and the Internet: what does cyberspace mean for the financial services industry? ". *Internet Research: Electronic Networking Applications and Policy*, 7(2), 120-128.
- Booz-Allen and Hamilton (1997). Corporate Internet Banking: A Global Study of Potential. Retrieved 11/2/2010 from http://www.bah.com/viewpoints/internet_banking.htm.

- Central Bank of Yemen (2008). Banking System. Retrieved 20/1/2009 from <http://www.centralbank.gov.ye/>
- Chatchawanwan, Y., Chaipooiratana, S., & Combs, H. (2009). An Investigation of the Factors Impacting Customers' Willingness to Adopt Internet Banking in Thailand. *ASBBS*, 16 (1).
- Chau, P. & Lai, V. (2003). An empirical investigation of the determinants of user acceptance of internet banking. *Journal of Organizational Computing and Electronic Commerce*, 13(2), 123-145.
- CPIF (2009).E-banking expected to take the lead in 2009 .Retrieved 23/2/2010 from:<http://www.cpifinancial.net/v2/News.aspx?v=1&aid=1764&sec=Technology>
- Davis, F. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS quarterly*, 13(3), 319-340.
- Doing Business in Yemen: A Country Commercial Guide for U.S. Companies (2009). International Copyright, U.S. & Foreign Commercial Service and U.S. Department of State, Retrieved 8/2/2010 from <http://www.buyusa.gov/yemen/en/ccg.html>
- Gefen, D. & Straub, D. (2000). The relative importance of perceived ease of use in IS adoption: a study of e-commerce adoption. *Journal of the Association for Information Systems*, 1(8), 1-28.
- Internet World Statistics (September 2009). Retrieved 23/2/2010 from <http://www.internetworldstats.com/>
- Jahangir, N. & Begum, N. (2008). The role of perceived usefulness, perceived ease of use, security and privacy, and customer attitude to engender customer adaptation in the context of electronic banking. *African Journal of Business Management*, 2(1), 032-040.
- Kassim, N. M. & Abdullah, M. A. A. (2006). "The influence of attraction on Internet banking: An extension to the trust-relationship commitment model," *International Journal of Bank Marketing*, Vol. 24 No.6: 424-442.
- Lallmahamood, M. (2007). " An Examination of Individual's Perceived Security and Privacy of the Internet in Malaysia and the Influence of This on Their Intention to Use E-Commerce: Using An Extension of the Technology Acceptance Model". *Journal of Internet Banking and Commerce*, December 2007, vol. 12, no.3

- Lederer, A. Maupin, D. Sena, M. & Zhuang, Y. (2000). The technology acceptance model and the World Wide Web. *Decision Support Systems*, 29(3), 269-282.
- Legris, P. Ingham, J. & Colletette, P. (2003). 'Why do People use information technology? A critical review of the technology acceptance model', *Information & Management*, vol. 40, pp. 191-204.
- Lyman, T. Mahieux, T. & Reille, X. (2005). Report of CGAP Multi-Donor Mission Microfinance in Yemen. *CGAP. June*. Retrieved 25/2/2010 from http://www.cgap.org/gm/document-1.9.2831/diagnostic_Yemen.pdf
- Migdadi, Y. K.A. (2008), "The Quality of Internet Banking Service Encounter in Jordan" *Journal of Internet Banking and Commerce*, December 2008, vol. 13, no.3
- Podder, B. (2005). "Factors Influencing The Adoption and Usage of Internet Banking : A New Zealand Perspective. Unpublished Master's Thesis, Auckland University Technology.
- Promptanapakdee, S. (2009). The Adoption and Use of Personal Internet Banking Services in Thailand. *EJISDC*, 37(6), 1-31.
- Reid, M. & Levy, Y. (2008). Integrating Trust and Computer Self-Efficacy with TAM: An Empirical Assessment of Customers' Acceptance of Banking Information Systems (BIS) in Jamaica. *Journal of Internet Banking and Commerce*, 12(3).
- Robinson, T. (2000). "Internet banking: still not a perfect marriage" *Informationweek.com*, April 17, pp.104-106.
- Saadé, R. Nebebe, F. & Tan, W. (2007). Viability of the 'Technology Acceptance Model' in Multimedia Learning Environments: A Comparative Study. *Interdisciplinary Journal of Knowledge and Learning Objects*, 3(2), 175-184.
- Sathye, M. (1999). Adoption of Internet banking by Australian consumers: an empirical investigation. *International Journal of Bank Marketing*, 17(7), 324-334.
- Shalhoub, Z. (2006). Trust, privacy, and security in electronic business: the case of the GCC countries. *Information Management and Computer Security*, 14(3), 270.
- Tan, M. & Teo, T. (2000). Factors Influencing the Adoption of Internet Banking. *Journal of the Association for Information Systems*, 1(5).

- Toufaily, E. Daghfous, N. & Toffoli, R. (2009). "The Adoption of "E-Banking" by Lebanese Banks: Success and Critical Factors". *International Journal of E-Services and Mobile Applications*, Volume 1, Issue 1.
- Venkatesh, V. & Morris, M.G. (2000). Why don't men ever stop to ask for directions? gender, social influence, and their role in technology acceptance and usage behavior. *MIS Quarterly*, 24, 115-139.
- Wahid, F. (2007). Using The Technology A doption Model To Analye Internet Adoption And Use Among Men And Woman In Indonesla. *EJISDCV*, 32 6, 1-8.
- Wang, Y.S. Wang, Y.M. Lin, H.H. & Tang, T.I. (2003). Determinants of user acceptance of Internet banking: an empirical study. *International Journal of Service Industry Management*, 14(5), 501 – 519.
- Willems, P. (2004) Yemen Times Newspaper. Retrieved 14/1/2010 from <http://www.yementimes.com/page.shtml?i=790&p=business>
- Yeow, P. Yuen, Y. Tong, D. & Lim, N. (2008). User acceptance of Online Banking Service in Australia. *Communications of the IBIMA*, 1.
- Zolait, A.H. and Ainin, S. (2008). Incorporating the Innovation Attributes Introduced by Rogers' Theory into Theory of Reasoned Action: An Examination of Internet Banking Adoption in Yemen. *Computer and Information Science*, 1(1).
- Zolait, A.H. Mattila, M. & Ainin, S. (2008a). "The effect of User's Informational-Based Readiness on innovation acceptance". *International Journal of Bank Marketing*, 27 (1), pp. 76-100.
- Zoliat, A. H. S. Sulaiman, A. & Alwi, S. F. S. (2008b). "Prospective and challenges of internet banking in Yemen: an analysis of bank websites". *Int. J. Business Excellence*, Volume 1, Number 3, pp.353 - 374